

# Company comments

Maintained

Hold

**Price (5/02/15)** €26.60

Maintained

**Target price (12m)** €29.00

**Forecast total return** 12.4%

Market cap €1,556.6m

Bloomberg BEKB BB

## **Bekaert: Reaches acquisition agreement with Arrium Ltd.**

**Event:** Press release

**Outcome:** Positive

**Conclusion:** Bekaert announced that it has reached an agreement to acquire Arrium Ltd.'s wire ropes business in Australia. We take the news as positive as it accelerates the growth strategy in steel ropes and offers Bekaert the position of market leader for steel cables for mining. The acquisition adds c.€40m (c.1%) to Bekaert's annual consolidated sales. Judging by the rather full acquisition multiple of 1.5x EV/Sales, we estimate that the acquisition should add close to 2% of REBIT in 2015F.

### **Highlights:**

- The agreement includes all of the personnel and assets of Arrium's business in Australia. The transaction is expected to add €40m annually to Bekaert's consolidated sales, and has an enterprise value of c.€60m (subject to closing conditions).
- The deal is expected to close in 1Q15.
- Following the deal, the Australian ropes activities will be integrated in the Bekaert Rope Group. Bekaert and their Chilean partners, through Matco Cables S.A., now hold 65% and 35% respectively, of all ropes entities in Canada, Chile, Peru, Brazil and the US.

**Filip De Pauw, Brussels +32 2 557 1692**